

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 200 – Income: Aged, Blind and Disabled (ABD) Categories

Page | 2110

200.11 INCOME COMPUTATIONS

An individual's or couple's monthly income is one of the factors that determines eligibility for Medicaid. The instructions in this section explain how to compute countable income based on federal rules.

200.11.01 COUNTABLE INCOME

Countable income is the amount of income subtracted from the appropriate need standard to determine if an individual or couple is eligible for Medicaid. Countable income is what remains after:

- Eliminating all amounts that are not income; and

- Applying all appropriate exclusions.

Countable income is the sum of a month's countable earned and unearned income.

200.11.02 NEED STANDARDS

The appropriate need standard used to test income depends on the coverage group for which the client is applying. Medicaid need standards are based on the following:

SSI Federal Benefit Rates (FBR) set by SSI policy and subject to increase in January of each year. SSI FBRs are used for SSI-related cases, i.e., SSI Retro and former SSI recipient cases. Countable income cannot equal or exceed the appropriate FBR for Medicaid eligibility.

Federal Poverty Levels (FPL) set by the federal government and subject to change each year, usually in February or March. FPLs are used at varying rates (100%, 120%, 135%, 200%, and 250%) depending on the coverage group, i.e., QMB, SLMB, QI, etc. Countable income can be equal to, but cannot exceed the appropriate FPL for Medicaid eligibility.

300% of the SSI FBR is the formula required by federal regulation, 42 CFR 435.1005, to set the institutional need standard for all long term care coverage groups. This limit is subject to increase in January of each year when SSI FBRs increase. Countable income cannot be equal to or exceed the institutional limit for Medicaid eligibility. If income equals or exceeds the limit, ineligibility exists for that month unless an Income Trust is in effect.

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 200 – Income: Aged, Blind and Disabled (ABD) Categories

Page | 2111

INCOME COMPUTATIONS (Continued)

200.11.03 INCOME BREAK-EVEN POINTS

An income break-even point is the earned or unearned income amount an individual can have so that countable income equals the applicable FPR or FPL. Medicaid eligibility does not exist at or above that break-even point.

Break-even points for SSI FBR cases:

2 times FBR + \$85 = monthly earned income break-even point;

FBR + \$20 = monthly unearned income break-even point.

Break-even points for FPL cases:

2 times FPL + \$115 = monthly earned income break-even point effective July 1, 1999.

2 times FPL + \$85 = monthly earned income break-even point prior to July 1, 1999.

FPL + \$50 = monthly unearned income break-even point effective July 1, 1999.

FPL + \$20 = monthly unearned income break-even point prior to July 1, 1999.

For institutional cases, total income, whether earned or unearned, cannot equal or exceed the institutional limit.

200.11.04 DEEMED INCOME

The term “deeming” identifies the process of considering another person’s income and resources to be available for meeting a Medicaid client’s basic needs. Deemed income and resources are attributed to an eligible individual whether or not they are actually made available, with the following restrictions:

Deeming only applies in household situations;

Income is only deemed from an ineligible spouse to an eligible spouse and from ineligible parent(s) to eligible child.

NOTE: Deeming of income is not applied in the eligibility determination for either an institutional or community spouse and deemed income is never included in the Medicaid Income computation post-eligibility.

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 200 – Income: Aged, Blind and Disabled (ABD) Categories

Page | 2112

DEEMED INCOME (Continued)

Deeming is based on the concept that a husband and wife (including “holding out” couples) and/or parents and child who live together have a responsibility for each other and share income and resources. Both SSI and Medicaid regulations require deeming in household situations.

200.11.04A ALLOCATIONS

It would not be equitable to deem the entire amount of an ineligible parent’s or spouse’s income to the eligible individual without some provision to permit the deeming to meet his own needs and those of ineligible children in the household. An allocation is an amount deducted from income subject to deeming which is considered to be set aside for the support of certain individuals other than the eligible individual. Based on this consideration, allocations are applied for the following:

Ineligible parent(s); and

Ineligible children in the household.

Application of these allocations reduces the amount of income available for deeming.

200.11.04B DEFINITION OF ELIGIBLE CHILD FOR DEEMING

A child is someone who is neither married nor the head of a household and is:

Under age 18 or

Under age 22 and a student.

For deeming purposes, an eligible child is a natural or adopted child under age 18 who lives in the household with one or both parents, is not married and is eligible for or applying for Medicaid. A child is eligible if the child receives Medicaid from any source (SSI, DHS, etc.). A CHIP-eligible child’s income can be deemed. Deeming no longer applies beginning the month following the month the eligible child attains age 18.

NOTE: An individual attains a particular age on the day preceding the anniversary of his/her birth. Deeming applies in the month of attainment of age 18 regardless of whether the application filed that month is filed before or after the day of attainment.

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 200 – Income: Aged, Blind and Disabled (ABD) Categories

Page |2113

200.11.04C DEFINITION OF INELIGIBLE CHILD FOR DEEMING

An ineligible child for deeming purposes is either a natural or adopted child of an:

Eligible individual or the eligible individual's spouse; or

An ineligible parent or the ineligible parent's spouse.

In addition to the general definition of a child, an ineligible child must also be unmarried and either:

Under age 18 or

Under age 22 and a student. (**NOTE:** Prior to 06/16/08, an ineligible student child could remain a "child" for deeming purposes only until age 21)

200.11.04D DEFINITION OF PARENT FOR DEEMING

A parent whose income and resources are subject to deeming is one who lives in the same household with an eligible child and is:

A natural parent of the child;

An adoptive parent of the child.

Deem a parent's income and resources to an eligible child beginning the month:

After the month the child comes home to live with the parent(s)(e.g., the month following the month the child comes home from the hospital; or

Of birth when a child is born in the parent's home;

After the month of adoption (the month of adoption is the month the adoption becomes final).

Deeming is applied from parent to child when they live together in the same household. When the child lives with a stepparent, the stepparent is not considered a parent or spouse of a parent of the eligible child for deeming purposes. Other relatives or individuals who have legal custody of a child, but are not natural or adoptive parents, are also not considered parents for deeming purposes.

An individual whose parental rights have been terminated due to adoption no longer meets the definition of "parent" for Medicaid purposes. This remains true if the adopted child later lives in the same household as the former parent.

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 200 – Income: Aged, Blind and Disabled (ABD) Categories

Page | 2114

DEFINITION OF PARENT FOR DEEMING (Continued)

Waiver of Parental Deeming Rules

Effective July 1, 1998, a child in the Disabled Child Living at Home coverage group is exempt from parental deeming of income and resources. The eligible child's own income and resources affect Medicaid eligibility in the usual manner.

Temporary Absence

For deeming purposes, a temporary absence exists when an individual (eligible individual or child or ineligible spouse, parent or child) leaves the household but intends to, and does, return in the same month or the following month. If the absence is temporary, deeming continues to apply.

A child, away at school (vocational or educational training facility), who returns home on some weekends, holidays, or vacations and is subject to parental control is considered temporarily absent from the parents' household regardless of the duration of the absence. Evidence which may indicate a child away at school is not subject to parental control includes an existing agreement, court order or signed statements from parents or school authorities. In the absence of such evidence, consider the child subject to parental control.

200.11.04E INCOME EXCLUDED FROM DEEMING

Any item which is not income to an eligible individual is also not income to an ineligible spouse or parent. In addition, the following types of income are excluded from deeming:

Exclude income used by an ineligible spouse or ineligible parent (or child) to make support court-ordered payments.

NOTE: If an ineligible child receives child support payments, do not disregard one-third of the payment as is done for an eligible child.

Exclude a stepparent's income from deeming. Work the case as a one-parent household, deeming the legal parent's income to the eligible child.

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 200 – Income: Aged, Blind and Disabled (ABD) Categories

Page | 2115

INCOME EXCLUDED FROM DEEMING (Continued)

Exclude In-Home Supportive Services Payments provided under Title XX or other federal, state or local governmental programs to an eligible individual and paid by the eligible individual to his ineligible spouse, parent or child living in the same household in return for in-home supportive services (chore, attendant, homemaker, etc.). Payments made directly to the ineligible spouse, parent or child to provide services to the eligible are also excluded for deeming purposes and these payments may be in the form of wages if the provider/deemor is an employee of the agency.

Retroactive IHSS payments are not a resource for one calendar month following month of receipt. Any unspent portion becomes a resource if retained into the second calendar month following receipt.

Public Income Maintenance Payments (PIM) Received by a Deemor

PIM payments are payments based on need made under:

- Temporary Assistance for Needy Families (TANF);
- Supplemental Security Income (SSI);
- The Refugee Act of 1980;
- The Disaster Relief Act of 1974;
- General Assistance programs of the Bureau of Indian Affairs;
- State or local government assistance programs based on need; and
- VA benefits based on need.

In the deeming computation, the PIM payment **and** any income counted in determining the PIM payment are excluded when received by an ineligible spouse or parent. Assume all of the income of the person who received the PIM payment was used (counted or excluded) in determining the payment. There is no deeming allocation given for ineligible spouses, parents or children who receive PIM payments.

Resources continue to be deemed (or combined) from the spouse or parent receiving Income Based on Need.

NOTE: If the spouse or parent who receives the PIM payments wishes to apply for Medicaid, the PIM payment is counted according to the income rules regarding the specific payment.

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 200 – Income: Aged, Blind and Disabled (ABD) Categories

Page | 2116

Public Income Maintenance Payments (PIM) Received by a Deemor (Continued)

As a result of these exclusions from the deeming process, there may be situations advantageous to a couple if the potentially eligible spouse who has non-deemable income does not file.

Example: One spouse has a VA pension of \$500. The pension (and any income used to determine the pension payment) is not deemable. The other applicant spouse has no income and would be treated as an individual with zero income. If the spouse who has the pension also files, the \$500 would result in a dollar for dollar reduction in the couple FBR or FPL since income based on need is considered income to an eligible individual.

200.11.04F CHANGES IN DEEMING STATUS FOR COUPLES

There are several events which can cause changes in spouse-to-spouse deeming status. The following chart lists the changes and the effective month of each change:

CHANGE	EFFECTIVE MONTH OF CHANGE
Ineligible Spouse Becomes Eligible	The spouses become a couple effective the month the ineligible spouse becomes eligible (and applies)
Spouses Separate or Divorce	Deeming stops the month after the month of the separation or divorce.
Eligible Begins Living with Ineligible Spouse	Deeming begins the month after the month they begin living together
Ineligible Spouse Dies	Deeming stops the month after the month of death
Eligible Spouse becomes Institutionalized	Deeming stops the month of entry into the facility

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 200 – Income: Aged, Blind and Disabled (ABD) Categories

Page | 2117

200.11.04G CHANGES IN DEEMING STATUS FOR PARENTS/CHILDREN

Deeming from a parent can begin or end when there has been a change in the family's situation. The following chart lists some changes and the effective month of each change:

CHANGE	EFFECTIVE MONTH OF CHANGE
Ineligible Parent Becomes Eligible	Deeming stops beginning with the month the parent becomes eligible
Eligible Parent Becomes Ineligible	Deeming begins with the parent's first ineligible month to determine if the child is eligible
Ineligible Parent Dies	Deeming stops the month after the month of death
Ineligible Parent and Child No Longer Live in Same Household	Deeming stops effective the month after the month the parent (or child) leaves the household.
Ineligible Parent and Eligible Child Begin to Live in the Same Household	The parent's income is deemed to the child the month after the month they begin living together, e.g., parental deeming begins the month after the month a newborn child comes home from a hospital.
Eligible Child Becomes Institutionalized	Deeming stops effective the month of entry into the facility
Eligible Child Attains Age 18	Deeming stops the month following the month the child becomes 18
Adopted Eligible Child Resumes Living with a Former Parent	Deeming does not resume if an adopted eligible child returns to a household where a former parent resides since there is no longer a parent/child relationship. However, deeming may apply from the adoptive parents if they also live with the child.

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 200 – Income: Aged, Blind and Disabled (ABD) Categories

Page | 2118

200.11.05 IN-KIND INCOME

In-kind income is any income other than cash income. To meet the definition of income, the in-kind item received by the individual must be:

- Food or shelter; or
- Something the individual can sell or convert to obtain food or shelter.

If the in-kind item is neither food nor shelter, and it cannot be sold or converted to cash, then it is not income.

In-Kind Support and Maintenance (ISM)

In-kind support and maintenance (ISM) is unearned income in the form of food or shelter, or both. Receipt of clothing is no longer counted as ISM effective March 9, 2005.

ISM is an SSI policy principal that may be applicable to all categories of eligibility as described below for SSI-related categories and FPL or institutional categories:

Whenever in-kind payments, as defined above, are received by individuals in SSI-related categories, such as SSI retro cases and former SSI recipient cases, the value of the ISM is determined by one of the three methods discussed under Valuation of ISM below and the ISM is counted as unearned income.

For cases associated with the Federal Poverty Level (FPL) or Institutional Income limit, the source of the in-kind payment determines whether the ISM is countable. If the source of the in-kind payment is for the benefit of the client and the in-kind payment is for food or shelter, the actual amount of the ISM is countable unearned income.

Example: The client is the beneficiary of a trust, which is not a resource. A monthly disbursement of \$300 is made from the trust to pay his shelter costs. The amount of the disbursement is countable unearned income.

Example: The client's mother pays his rent of \$300 to his landlord from her own funds. This third party payment is not countable ISM to the Medicaid recipient.

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 200 – Income: Aged, Blind and Disabled (ABD) Categories

Page | 2119

IN-KIND INCOME

Valuation of ISM

To determine the value of ISM for an eligible individual or couple in an SSI-related category of eligibility, use the lesser of the three values discussed below when the individual or couple:

Lives in the household of another,

Receives rent free shelter,

Has someone else (a third party) pay for goods and services provided to the eligible, or

Receives rental subsidies.

Current Market Value (CMV)

This is the amount for which something can be purchased locally on the open market. Depending on the type of support and maintenance received, the determination of the CMV may be based on various factors such as the assessed value from a knowledgeable source, property owner's statement, and the individual's payment;

Actual Value (AV)

The current market value is divided by the number of people receiving support and maintenance minus any payment made out of an individual's own funds. If he makes no payment, AV and CMV may be the same amount.

Presumed Maximum Value (PMV)

PMV is an amount equivalent to one-third of the applicable Federal Benefit Rate (FBR) plus \$20. The PMV rules apply to in-kind support and maintenance that is countable as unearned income. The PMV never applies to earned income. Use of the PMV in determining an individual's countable income is rebuttable by the individual's showing that the AV of the in-kind support and maintenance he receives is less than the PMV. The lower of these two figures is always used, but never an amount in excess of the PMV, regardless of the number of sources of such income or the variety of living arrangements during any one given period.

NOTE: PMV is not used to determine the value of ISM for individuals in FPL or institutional categories.

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 200 – Income: Aged, Blind and Disabled (ABD) Categories

Page | 2120

When to Count ISM

ISM is counted as income in the month in which the individual has use of the food or shelter item, with the exception that a third party vendor payment received as a gift is income in the month in which the payment is made.

200.11.05A IN-KIND ITEMS PROVIDED AS REMUNERATION FOR EMPLOYMENT

Wages may include the value of food and/or shelter (ISM), or other items received in lieu of cash for individuals in SSI-related categories. In-kind payment of food or shelter to the following people or under the following conditions is unearned income:

Agricultural employees

Domestic employees

Service not in the course of the employer's trade or business

Service by certain home workers

Members of the Uniformed Services

In the form of food and/or shelter which is on the employer's business premises for the employer's convenience and, if shelter, its acceptance by the employee is a condition of employment

This SSI policy principal applies only to SSI-related cases.

NOTE: If there are cases where it is questionable about whether ISM is countable as income in an SSI-related case, the case should be referred to state office for clearance.